



**Standard Life Corporate  
Client Management**

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Dear BT Employee

***The BT Retirement Saving Scheme***

BT has established the BT Retirement Saving Scheme (BTRSS) which you are eligible to join. The BTRSS is what is known as a Group Flexible Retirement Plan. This is a product provided by Standard Life on behalf of BT. Each BT employee who joins the BTRSS becomes a member of this group arrangement.

Please take time to read through this letter and all the other documents on the "How do I join?" page on the BTRSS website, at [www.btretirementsavingscheme.com](http://www.btretirementsavingscheme.com). This website outlines how the scheme works, the choices you have and the benefits of joining. Please make sure that you read all of this information, especially the Key Features Document which explains the risks and commitment involved.

**Automatic enrolment to the plan**

BT operates automatic enrolment into the Plan to make it easier for you to join. This means that you will be automatically joined to the Plan on the following basis once you have read the information on the website and have signed your Contract of Employment.

You will be automatically joined on this basis:

<b>Your payment</b>	<b>5% of pensionable salary</b>
<b>BT payment</b>	<b>7% of pensionable salary</b>
<b>Investment fund</b>	<b>BTRSS Lifestyle</b>

A few days after you have been enrolled, we will post you a Username and Password to your home address that will allow you to access your own webpage at [www.btretirementsavingscheme.com](http://www.btretirementsavingscheme.com). You will then be able to select a different level of payment to the Plan or make your own investment choice.

**If you do not want to be enrolled in the BTRSS, you need to opt out by completing the online form on the BT intranet.**

### **Payment levels**

BT has set the payment levels into the plan. If you decide to pay more into the plan BT will also pay more. Once you have received your Username and Password you can change to a higher payment level and receive a higher payment from BT. The rates are shown below and are expressed as a percentage of your pensionable pay. If you are not sure what your pensionable pay is or if you would like more information about the payment levels, please ask your employer for details.

If you pay:	BT will pay:	
	From 1 <sup>st</sup> April 2009	from 1 <sup>st</sup> April 2010
5%	7%	8%
6%	7.5%	8.5%
7% and above	8%	9%

You will need to pay at least 5% to qualify for a payment from your employer.

A Key Features Illustration of estimated benefits at the normal pension age is also on the website. This will give you an indication of what you might receive when you come to take your pension benefits.

### **Minimum employer payment guarantee**

If you pay at least 5% of your Pensionable Salary into the BTRSS, BT guarantees a minimum employer payment of £1,250 each year from 1<sup>st</sup> April 2009, rising to £1,500 on 1<sup>st</sup> April 2010. These minimum payments will be applied pro-rata for part-time employees or people who leave during the year.

Please see the Key Features Document on the BTRSS website for information about the minimum and maximum amounts that can be paid to the plan.

### **Payment method**

Payments will be made through an arrangement between you and BT, called salary sacrifice (known within BT as SMART Pensions). With SMART Pensions, BT pays an agreed amount of your salary into the pension fund. SMART Pensions effectively provides immediate full tax relief and also National Insurance savings as your payment is replaced by an employer payment.

This salary sacrifice is allowed for in your contract of employment, is deemed (by HM Revenue & Customs) to be a permanent change and reduces your salary. It may affect other statutory / state benefits, transactions and borrowing levels that are based on salary. Please refer to the BTRSS guide or view the SMART Pensions page on the BTRSS website for details. You should obtain advice if you are unsure how this may affect you.

## Investments

You can select your own funds from those available to you. If you do not make a fund decision, we will automatically invest all payments in the BTRSS Lifestyle profile as per your contract of employment. We call this the 'default fund' and it was selected by BT and its advisers.

Please see the BTRSS guide and the 'Your Pension Investment Choices' booklet for further details

The selection of a default option for the BT Retirement Saving Scheme by BT and its advisers should not be taken as an indication that it is a suitable investment option for you. We recommend you seek financial advice as to the most suitable investment option (or options) for your circumstances. The value of benefits under the default investment option, or under any other investment fund, may go down as well as up.

Once you have received your Username and Password, you will have the option to switch funds at any time through the BTRSS website [www.btretirementsavingscheme.com](http://www.btretirementsavingscheme.com)

## Charges

We charge for managing your plan and investments and we take this charge from the fund value. Details of the annual management charge for the full range of funds, the BT Core range of funds and the Lifestyle profiles can be found in 'Your Pension Investment Choices' booklet on the BTRSS website. The charges and rebates are not guaranteed and can be altered in the future.

## Arrangement costs incurred by Standard Life

For arranging this plan, Standard Life Assurance Limited, expect to incur set up costs in the range of:

Your age now	20	35	50
Retire at 60			
Year 1	£440.70	£440.70	£440.70
Year 2	£55.82	£55.82	£50.24
Final year	£8.52	£4.70	£2.64

Your age now	20	35	50
Retire at 65			
Year 1	£440.70	£440.70	£440.70
Year 2	£55.82	£55.82	£55.82
Final year	£10.43	£5.73	£3.23

These figures are based on a regular payment of £250 per month, however if you pay more or less then the set up costs will be adjusted proportionately based on the size of payments being made.

Please note that these costs are covered by the annual management charge(s) that applies to your pension savings. Please refer to the Key Features Document and booklet entitled "The BT

Retirement Savings scheme (BTRSS) February 2009" for further details of the charges that apply to your plan.

If you need more information please call the Standard Life Client Management help team on **0800 066 5432**. Lines are open Monday to Friday 8am - 7pm, Saturday 9am - 2pm.

**Please note we have not provided you with advice about this plan.** If you have any doubts as to the suitability of this plan please seek financial advice. There may be an additional cost if you seek advice from another company.

I hope you take the opportunity to join the BT Retirement Saving Scheme and save for a more flexible retirement.

Yours sincerely

*Alastair Baird*

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Senior Employee Communications Manager.

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